

**OFFICE OF INDEPENDENT BUDGET ANALYST
CITY OF SAN DIEGO
M E M O R A N D U M**

Date: May 14, 2008

To: Honorable Council President Scott Peters and Members of the City Council

From: Andrea Tevlin, Independent Budget Analyst

Subject: Monthly Update on Contract with Actuarial Service Company, P.C.

On February 5, 2008, the City Council approved Item-330, Agreement with Actuarial Service Company, P.C. (Company) to provide anticipated actuarial consulting services and analyses related to the City's retirement system for an amount not to exceed \$152,000. As previously stated in "Update on Contract with Actuarial Service Company, P.C.," the Council directed the IBA to provide a monthly status update and review of the Actuarial Contract. This update covers work performed during the month of April.

For the month of April, the Company billed the City \$15,265 for a total of 60.1 hours of work. Approximately \$117,000 remains on the contract for future services. Listed below is a breakdown of the work performed for each recipient.

Services performed for:

Mayor

For the month of April, the Company billed the Mayor's office \$8,376 for 34.9 hours of work. In that time, the Company's principal, Mr. Joe Esuchanko analyzed the effect of pay increases for City employees on the Annual Required Contribution to SDCERS. Mr. Esuchanko also billed the City \$841 in travel expenses for April.

Comptroller

For the month of April, the Company worked with the City Comptroller for a total of \$360 and 1.3 hours of work. In that time, Mr. Esuchanko began analysis of the City's Net Pension Obligation for the City's Annual Financial Report.

Independent Budget Analyst

The Company billed the City \$4,488 for 18.7 hours of work performed at the request of the IBA. In that time, Mr. Esuchanko further analyzed and refined alternative retirement

April 2008 Fee Summary	
Total Contract Amount	\$ 152,423.85
Previously Invoiced	\$ 20,484.00
<i>April Expenses</i>	
Mayor/Comptroller	\$ 8,736.00
IBA	\$ 4,488.00
City Attorney	\$ 1,200.00
Travel Expenses	\$ 840.96
Total April Expenses	\$ 15,264.96
Balance Remaining	\$ 116,674.89

pension designs for the IBA; the results of which have been published in IBA Report 08-32, Retirement Package Design and Options for Consideration, issued on April 15, 2008.

City Attorney

The Company billed the City Attorney \$1,200 for 5.0 hours of work. In that time, Mr. Esuchanko discussed with the City Attorney's office impacts of pay increases for City employees on the Annual Required Contribution to SDCERS and the unfunded actuarial liability. While the current contract does not allocate funding for the City Attorney, nor is there a separate agreement for the City Attorney, the Mayor has authorized Mr. Esuchanko to perform work requested by the City Attorney. The Chief Operating Officer has confirmed that the City Attorney can expend up to \$50,000 on actuarial services; the Mayor has assumed responsibility for funding.

Since the inception of the Agreement, approximately \$36,000 of the \$150,000 contract has been spent on actuarial services. \$117,000 remains for future work to be performed by the Company.

Actuarial Services Contract Breakdown			
	Mayor/Council/IBA	City Attorney	COMBINED
Expended	\$ 32,196.96	\$ 3,552.00	\$ 35,748.96
Remaining	\$ 70,226.89	\$ 46,448.00	\$ 116,674.89
TOTAL CONTRACT VALUE	\$ 102,423.85	\$ 50,000.00	\$ 152,423.85

Attachment: April 2008 Fee Summary, Actuarial Service Company, P.C.